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Testimony

of

**Richard “Rick” Jones
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before the

**Committee on Veterans’ Affairs
Subcommittee on Benefits
U.S. House of Representatives**

on

The Department of Veterans Affairs’ Life Insurance Program

**Thursday September 25, 2003
10:30 AM, Room 334
Cannon House Office Building**

Chairman Brown, Ranking Member Michaud, and Members of the Subcommittee:

On behalf of AMVETS National Commander S. John Sisler and the nationwide membership of AMVETS, I am pleased to offer our views to the Subcommittee on Benefits regarding the Department of Veterans Affairs' Life Insurance program. For the record, AMVETS has not received any federal grants or contracts during the current fiscal year or during the previous two years in relation to any of the subjects discussed today.

Mr. Chairman, AMVETS has been a leader since 1944 in helping to preserve the freedoms secured by America's Armed Forces. Today, our organization continues its proud tradition, providing, not only support for veterans and the active military in procuring their earned entitlements, but also an array of community services that enhance the quality of life for this nation's citizens.

AMVETS applauds this Subcommittee and its effort to examine the policy and administrative issues VA faces in operating the seventh largest insurance program in the United States.

One of the most important insurance programs operated by VA is the Veterans' Mortgage Life Insurance (VMLI) program. It is widely recognized that homeownership helps create stable and safe communities. Thus, the expansion of homeownership has been a longstanding goal of the Federal Government and part of the fabric that makes up the American dream.

Clearly, no matter where a veteran lives, their home is a central part of their life. Indeed, home ownership is probably one of a veteran's most valuable assets. And for many disabled veterans the VMLI program affords peace of mind that a home purchase can be affordably negotiated.

As you know, VMLI is available to severely disabled veterans who receive a Specially Adapted Housing grant. Maximum coverage is \$90,000. Protection is issued automatically unless the veteran declines coverage. Coverage automatically terminates when the mortgage is satisfied. If a mortgage is disposed of through sale of the property, VMLI may be obtained on the mortgage of another home.

As a co-author of **The Independent Budget**, AMVETS strongly supports recommendations made earlier this year to increase the maximum coverage of the Veterans' Mortgage Life Insurance program. The last time VMLI was increased was 1992, more than a decade ago. Despite efforts to increase VMLI in the last Congress to \$150,000 from the current level of \$90,000, measures were not completed and the increase remains yet to be accomplished.

We firmly believe that the VMLI program helps significantly to contribute in making the American dream of owning a home come true for many more of our disabled veterans and their families than would otherwise be possible without such a program. However, it is a program that has fallen behind the times. As such, it deserves your attention and commands your support.

Another important VA program that helps demonstrate our nation's gratitude to those who have been disabled in service to country is the Service-Disabled Veterans' Insurance (SDVI) program. The SDVI is available only to those who have received a service-disabled rating and who have been honorably discharged. The maximum face value of the policy, however, remains a mere \$10,000.

As a whole, Americans today have a universe of options when looking at life insurance. Unfortunately, for many disabled veterans, options are limited, and they often face difficulty obtaining affordable life insurance in the commercial marketplace.

While there remain numerous ways for disabled veterans to plan for their future, many disabled veterans owe a substantial portion of their financial peace of mind to the SDVI life insurance program.

AMVETS believes that life insurance can help disabled American veterans ensure that their surviving spouses and children would have some degree of financial security. In this regard, we recommend that Congress increase SDVI coverage to at least \$50,000. Clearly the current level would not replace lost income for the survivors of service-disabled veterans.

Though VA has adjusted premium rates for the Service Members Group Life Insurance and Veterans Group life Insurance programs, AMVETS notes that the premiums for the SDVI program remain unreconstructed. It is our understanding that VA continues to base its rates on mortality tables from 1941, when life expectancy was lower, hence mortality rates higher. It is time to revise, update and improve this important program, and the members of AMVETS encourage your considered action.

In closing Mr. Chairman, AMVETS looks forward to working with you and others in Congress to ensure the earned benefits of all of America's veterans are strengthened and improved. As we find ourselves in times that threaten our very freedom, our nation must never forget those who ensure our freedom endures. AMVETS thanks the panel for the opportunity to address these issues.